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IN 2004 \*

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# **Return To Sanity: Make California A Pilot Project For the Nation!**

**\$5**

ON THE COVER: Lyndon LaRouche: EIRNS/Stuart Lewis; electrical transmission tower: The Aluminum Association, Inc.

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## Return to Sanity:

# Re-Regulate, and Rebuild the California Energy Grid—A Pilot Project for the Nation

**C**alifornia's energy system is broken—it's time to fix it! The necessary measures of re-regulation, building new plants, and creating productive jobs will serve as a pilot project for the entire nation, as to how to get out of the economic and energy crisis we face.

LaRouche told you what to do years ago. Do you remember?

- In February 2001, in a pamphlet on the California energy crisis, Democratic Presidential pre-candidate LaRouche outlined a three-pronged program of short-, medium-, and long-term policies, focussing on immediate *re-regulation*, bankruptcy reorganization, and the issuance of long-range credits for building new energy facilities.

- In September 2002, in a pamphlet on an emergency infrastructure program, LaRouche demanded the repeal of deregulation, the issuance of low-interest, long-term credit for building needed generation plants and transmission lines, and the restoration of Federal R&D programs in nuclear power, both fission and fusion.

- In December 2002, LaRouche told Californians at a Los Angeles town meeting that they had to act now on the state, and Federal, levels to deal with their bankruptcy crisis: First, launch a "Super-TVA" style program, on the state level, funded with Federal credit, to rebuild the state's infrastructure;

and second, repeal, federally and statewide, all those changes in law which took us into massive deregulation, and led to the destruction of the economy. Adopt the FDR approach, LaRouche demanded, and solve the problem.

The problem is, California's leaders didn't listen—and neither did you. They kept cutting the budget, they kept paying exorbitant prices for energy, they kept losing jobs, and they let deregulation continue to open up the state for the predator energy companies which came in after Enron. While not everyone has fallen for the political ploy of blaming Gov. Gray Davis for the crisis, *no one* has come forward with a real solution.

Now, LaRouche has decided to rush into publication this preliminary report on what must be done to solve the continuing California energy crisis, and the economic crisis it has helped to cause. A three-phase program is necessary. Its outlines are as follows:

**Phase I:** Repair the damage created by deregulation, by restoring the capabilities which were taken down by that travesty. Go back prior to the 1996 law, by rolling back all measures taken since then, ending deregulation. Use the powers of eminent domain, and other government emergency measures, to put on line the generation, transmission, and distribution systems which currently exist. This,

in itself, will be a major jobs creation program, because large numbers of workers will be needed in order to repair and restore facilities that have been taken off line, or junked, by energy pirates interested only in profits.

**Phase II:** Build new power and water systems, which are required to meet the needs of a genuinely expanding economy. This means Federal low-interest credit for building new capacity, and integrating the power facilities with other major infrastructure projects, such as the North American Water and Power Alliance. Begin breaking ground for these projects within months—creating thousands of jobs.

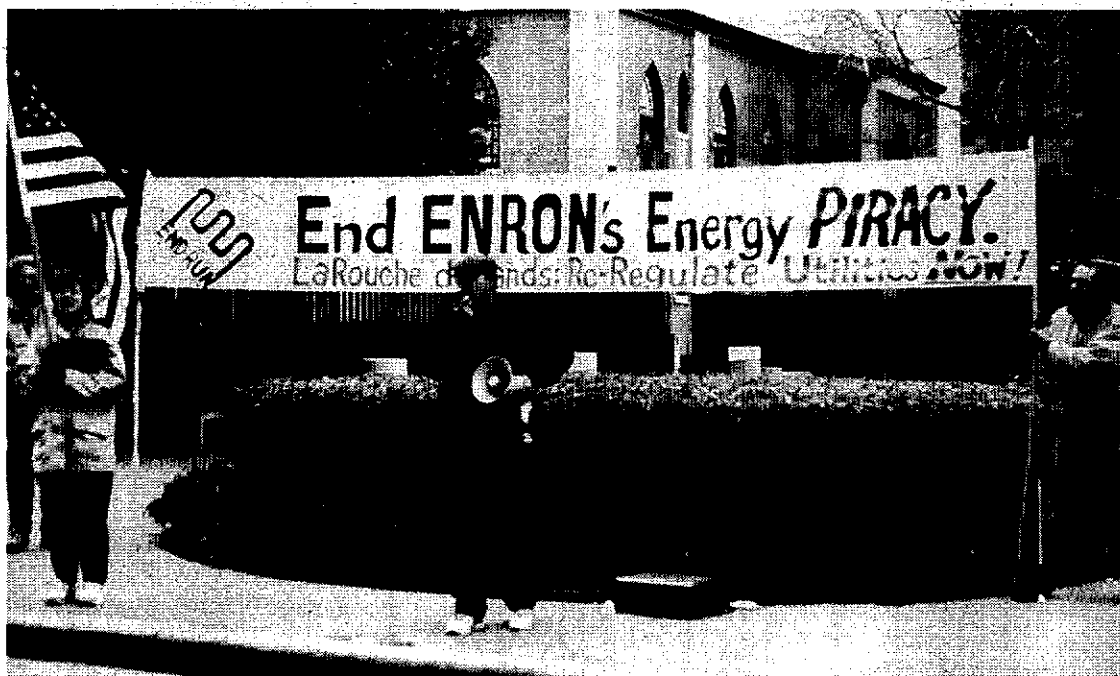
**Phase III:** Re-nuclearize and prepare for the technologies of the future. Focus on building 100-200-megawatt high-temperature gas-cooled

nuclear reactors. Institute the necessary training in engineering to handle these jobs, as well as the build-up of necessary feeder industries, to permit mass construction of the plants needed, to solve both the energy crisis and the need for massive water desalination.

In the following pages, we provide the first outlines of what must be done in these areas—to be updated over the coming months. It's time to abandon deregulation, in favor of a serious approach to rebuilding our energy, and other infrastructure, with the kind of proven, workable methods which that great Democratic leader Franklin Delano Roosevelt put into effect, and which LaRouche alone proposes today.

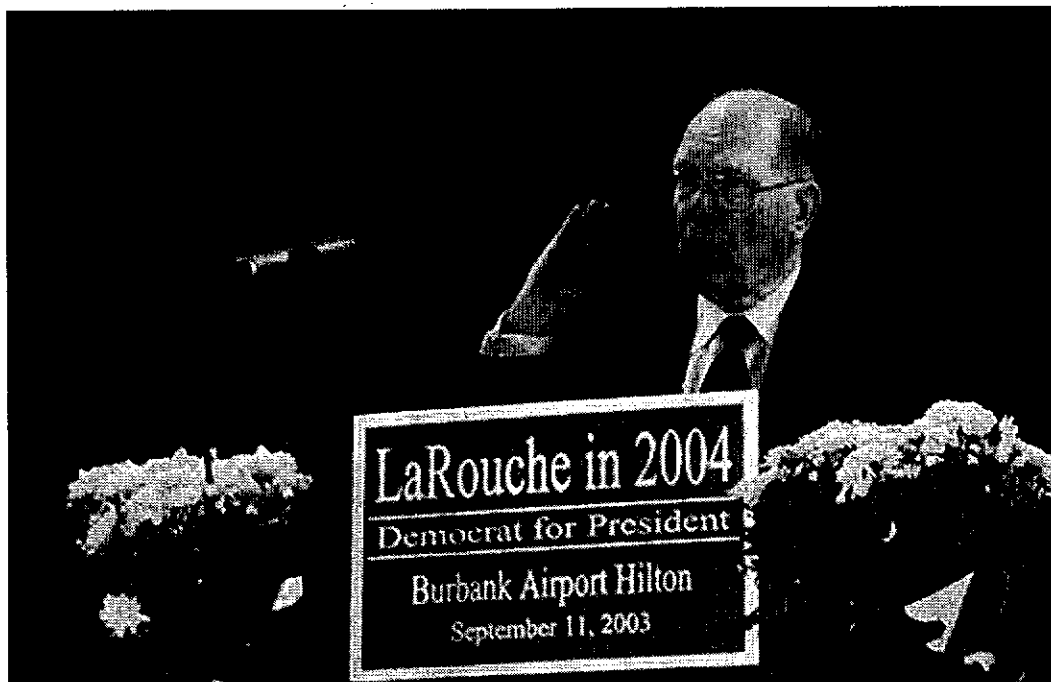
Let's return to sanity!

—Sept. 20, 2003



EIRNS/Debra Jambor

LaRouche supporters demonstrate against Enron outside the company's Houston headquarters, back in February 2001, during the energy privateers' pillaging of California—and before Enron went bankrupt.



Presidential candidate Lyndon LaRouche addressed a campaign town meeting of 450 activists in Burbank, Calif. on Sept. 11, leading a statewide mobilization to defeat the recall/deregulation assault.

EIRNS/Brendon Barnett

## Phase I: Short Term

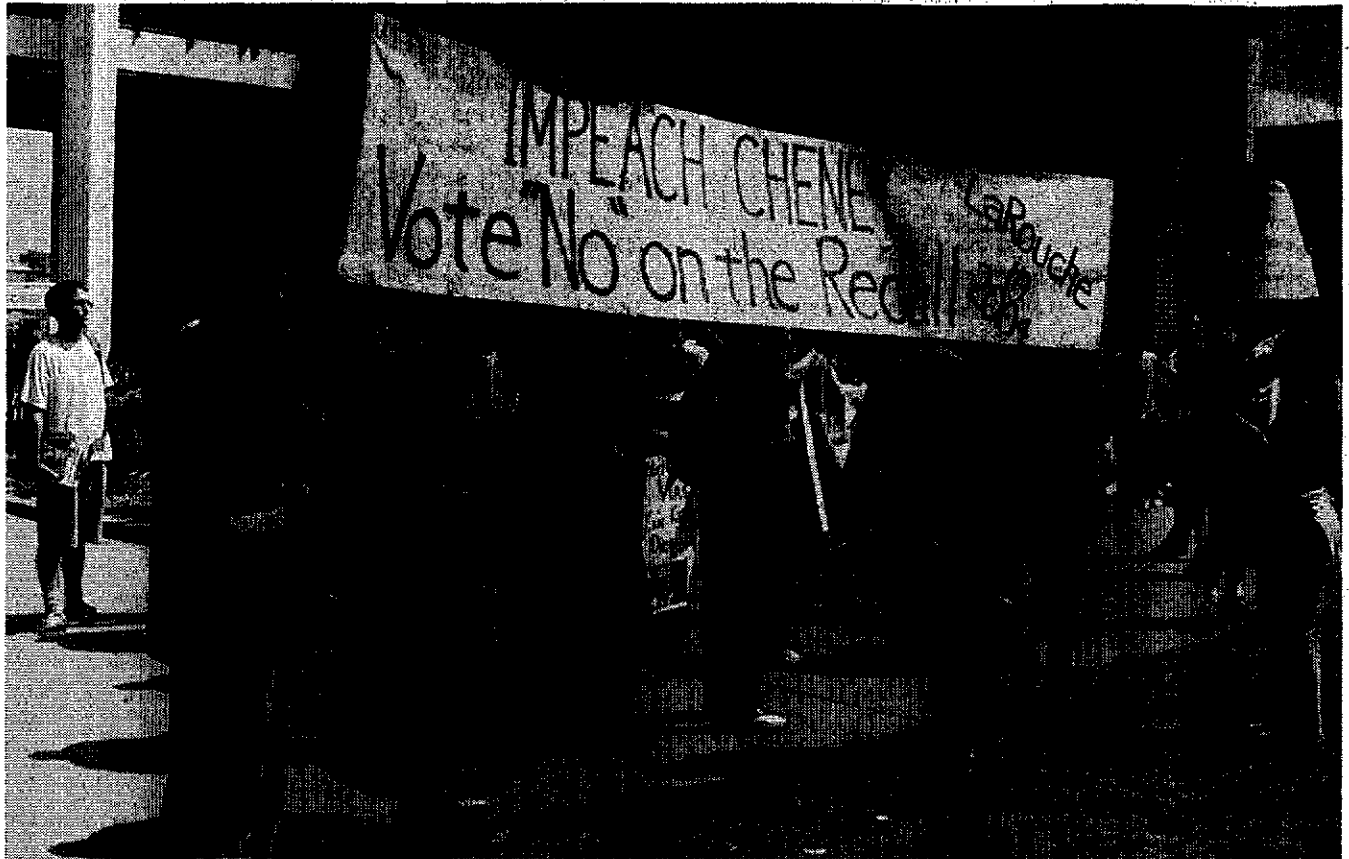
# Cancel Deregulation— Restore the California Energy System

**W**hat is immediately required in California—for the energy system, and for the economy—is to return to the status quo before California's 1996 deregulation law, with a series of emergency measures to restore the power system in the short term, bring the workforce back up to required levels, and repair the damage to the system, the state and its budget. Although prior to 1996 there were great inadequacies in the California energy grid in terms of generation, transmission, and distribution, acting now to rapidly return to the status quo ante of 1995, will result in an interim system that can be made to work for the benefit of the state, and serve as a foundation for necessary longer-term

infrastructure projects, especially advanced nuclear power. What can be done in California—the nation's leading state in population, economy, and now, political focus—will be a model for the nation, and for all the Americas.

Among the number of emergency measures called for, both in terms of the physical power base, and the financial side, there are two key areas of action in which particular measures can be grouped. In the following sections of "Phase I," we describe these areas in more detail.

1) Re-regulate the power companies—pricing of electricity and gas, location and operation of facilities, etc. This means voiding the 1996 law—"Public



EPNS/Brendon Barnett

The LaRouche Youth Movement on the West Coast demonstrating against Dick Cheney's 'dirty coup'—the California recall—in Los Angeles Sept. 10. The LYM took over three campuses, and staged rallies in major cities.

Utilities; Electrical Restructuring,"—and taking the necessary measures to deal with the consequences of the subsequent six years of "de-structuring" of the state's power system, utilizing all powers of government required, including that of eminent domain where necessary.

2) Take action to make maximum use of the existing output potential of the California power base (nuclear, fossil-fuelled, hydro, etc.), in particular, to conduct a rapid re-hiring and jobs creation program throughout the energy sector—a spearhead for economic revival.

### **Re-Regulate, Restore Power System to Pre-1996**

For over 40 years, the California and U.S. regulated energy system—electricity generation, transmission and distribution—functioned well, and in line with the growth needs of the nation. Then two extreme policy changes occurred, with California in the lead of both. First, in the 1970s, under an anti-infrastructure policy shift, California and the

nation turned away from nuclear power, relying instead on fossil-fuel gerteration, and a policy of electricity usage-restriction euphemistically called "conservation."

Then, in 1996, California became the first state to enact a radical energy deregulation law—meaning *speculation* law—which, as it was implemented in successive phases, resulted, by 2000-01, in repeated rolling statewide blackouts (the first since World War II), the bankruptcy of Pacific Gas & Electric, one of the two major state utilities, hyperinflation of wholesale electricity in the state, and finally a state obligation of \$43 billion incurred because of the bilking of the state by the many dereg-era "merchant-pirate" power companies, whose crimes have been subsequently documented. The state went from a 2000 budget surplus of \$12 billion, to a budget deficit today of \$38 billion. The energy sector workforce has been decimated.

It is an immediate short-term priority to roll this back. In legal terms, state *re-regulation* can come through the kind of initiative indicated in state Sen.

Joe Dunn's (D-Santa Ana) Senate Bill 888: "Repeal of Electricity Deregulation Act of 2003," introduced Feb. 21, 2003, and backed by other legislators. On April 8, the bill was amended to spell out how the state will regain control of its electric utility industry and infrastructure. "We aren't mending it, we're ending it," was Dunn's comment about deregulation, the day he introduced the re-reg bill.

The questions we take up here in a preliminary way, are related to how to restore and maintain the power supply under the immediate changeover conditions. At present, the state's installed electricity generating capacity is in the range of 55,000 megawatts. Properly utilized, there is no need for blackouts, price inflation, layoffs, or any other harm to the state's population and economy.

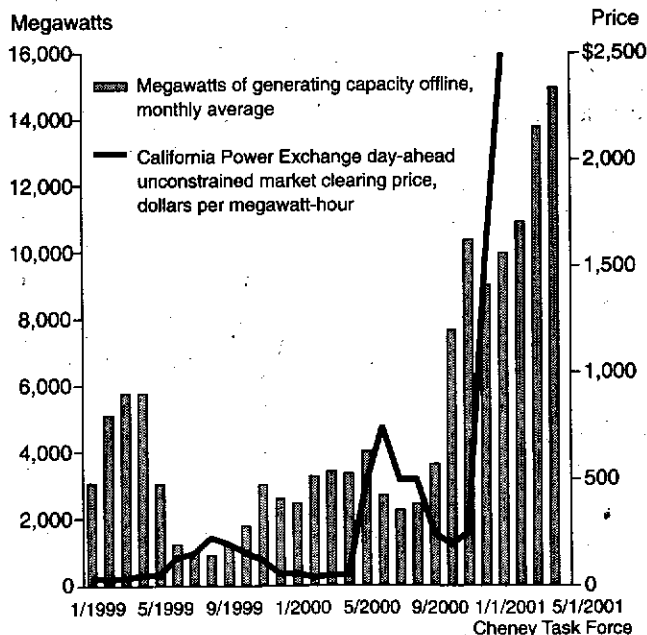
**Electricity Supply.** In March 1998, under the deregulation law, California's major utilities were required to sell off large parts of their electricity generation capacity. Then, once completed, in 2000 a "wholesale" electricity market went into effect in which, on the pretext of competition and "free" market, a gang of financial interests drove electricity

prices into the stratosphere, withheld supplies, and bilked in many other ways.

Under re-regulation, this stops. And the damage is cleaned up. First, the generating capacities must be re-regulated, so that whoever operates them, the capacity will provide for a reliable, affordable electricity flow to benefit the public good. The issue is not returning to a pre-1996 dereg "corporate chart" per se. Rather, based on criteria related to fostering coherence in the state's generating/transmission/distribution base, decisions can be made on whether certain plants are returned to Pacific Gas & Electric and Southern Edison et al., or remain under the post-1996 "new" ownership (but regulated), or perhaps are mandated for transfer to state or municipal ownership and operation, such as the San Diego system. Moreover, some power plants that have been shut down, can be restored to function for awhile longer.

A state board can be mandated to make the key decisions, made up of individuals of the competence and trustworthiness of, for example, Carl Wood, an industrial electrician since 1975, who was appointed California Utility Commissioner in 1999, and whose experience includes work for Kaiser Steel and for Southern California Edison at the San Onofre nuclear facility. During the 2001 crisis, Wood stressed in an interview to *EIR News Service* that energy is not a commodity. "It's an essential service ... and it needs to be regulated as part of public pol-

FIGURE 1  
**Energy Pirates Withheld Electricity, Jacked Up Prices in California During Cheney's Energy Task Force — January to May 2001**



Sources: California Energy Commission; California Power Exchange; University of California Energy Institute.

**Figure 1** indicates how the bilking process worked in California, showing what will be eliminated under re-regulation. The 1996 dereg law mandated a new state wholesale electricity "market," where the price skyrocketed, as the suppliers took generation capacity offline, claiming repairs, troubles, etc. Additional gaming of the market took place by energy pirate trading companies which produced no power at all, simply buying and selling futures, and lying in the process.

Whereas in the mid-1990s, before the wholesale "market" was in place, the average price of a MWh (megawatt hour) of electricity was \$35, by December 2000, after the market was in place, the average price during that month was over \$300 per MWh, with spikes over \$1,500! In 2001, it got worse. This is the period presided over by Vice President Dick Cheney, who was appointed in January 2001 as chairman of the National Energy Development Task Force, and said deregulation must remain the law.

icy. Now, that can take different forms. It can take the form of public ownership, municipalization, or state-ownership of an energy authority, or it can take the form simply of traditional regulation over privately owned utilities."

Besides re-regulating the companies themselves, any pretense of a state "market" must be shut down. What must be restored is the traditional way power utilities have worked, by which generation, transmission, and final delivery (and billing) to a set of regional customers, are conducted.

In the recent Dunn Bill No. 888, utilities will be guaranteed a fair 10% return on investment, charging a "cost-of-service" price, (not a "free market" steal-as-much-as-you-can price), in return for making the investments to meet the needs of their customers. Incentives would encourage utilities to invest in transmission lines, and the moratorium on companies selling their power-generating assets would be extended from 2005 to 2010. "Customer choice" will be ended.

The parameters of the 1998-2000 forced selloff of generating capacity are large. In California, the (formerly) regulated utility companies, divested of 20,164 megawatts of capacity, sold off to "independent power producers"—namely, the nouveaux energy pirate companies. Once sold off, these plants, amounting to 40% of installed capacity, were reclassified as "unregulated." California ranked alongside Pennsylvania—the fourth after California to pass a dereg act in 1996—in the amount of capacity forced to be sold off, and reclassified as "unregulated," in this dereg process. Pennsylvania utilities were forced to sell 21,016 megawatts of capacity. Next in rank were Illinois (19,770 MW) and New York (15,659 MW).

The names of the buyer-companies in California are now infamous for how they used their newly acquired assets to bilk the state—Mirant, Reliant, Williams, Dynegy, AES, and others.

At the same time these companies were raping California, they were pillaging around the world. As of the year 2000, fully 26% of all of the electricity systems of Ibero-America (Mexico southward) were bought up by the marauders, such as AES, Enron, and Spain-based Endesa, etc. In Mexico, 13% of its grid was taken over; in Chile, the figure was 76%; in Bolivia, 96%.

*California's \$43-Billion Energy Bill? Cancel Tribute to Pirates.* Next comes the matter of dealing with the financial burden of \$43 billion the state now faces, as a result of contingency actions resorted to by the

TABLE 1

## Profits Soared at Selected Energy Companies, First Quarter 2001

(First Quarter 2001 Compared to First Quarter 2000)

Company	Increase	Company	Increase
EOG Resources*	448%	Chevron	53%
Calpine	424%	BP plc**	52%
Williams	172%	Duke Energy	51%
Apache	158%	El Paso	46%
Unocal	122%	ExxonMobil	44%
Reliant Energy	104%	Texaco	39%
Occidental	93%	Southern	35%
Phillips	86%	Dominion	28%
Mirant	84%	Enron	26%
Kerr McGee	81%	Shell	23%
Dynegy	73%	AES	19%
Conoco	58%		

Source: Company financial reports.

\* EOG Resources, formerly Enron Oil & Gas, was a spin-off of Enron Corp.

\*\* BP had dropped the Arco from its name, reverting to BP plc.

state legislature and Gov. Gray Davis during the 2000-01 period, instead of taking the needed course of re-regulation at that time. In short, debt and other accounts should be set aside, and selectively cancelled, and only "useful" obligations honored.

The \$43-billion energy bill/debts arose when the Cheney-Bush Administration refused to stop the looting of California by the energy pirates; the state took unilateral action. The state stepped in to directly buy the wholesale electricity from the "market" sharks, and then the state turned around and sold the electricity at a much lower price to the utilities, which distributed it to the final users. This was done in the face of Pacific Gas & Electric and Southern California Edison having racked up \$20 billion in debts by spring 2001. PG&E declared bankruptcy in April that year.

(Under the terms of California's dereg, utilities were not permitted to automatically pass on to customers any high wholesale electricity costs. Had they been permitted by the 1996 law to do so, no one could have paid the mega-bills anyway.)

The state, in an attempt to make this work, endeavored to compel the energy pirates to enter into long-term contracts, at not-too-hyper price levels. The supplier companies, most of whom refused at first, eventually complied, but the resulting contracts were based on electricity prices far higher than 1999, and resulted in a cumulative \$43 billion in obligations racked up by California. As of now, the state has blown out its own finances, in addition to having to operate in the context of the



general economic crisis, nationally and globally.

The action required is straightforward, involving the following kinds of points. For reference, **Table 1** shows the rates of profiteering by the pirate companies—based on bilking California, during just the first quarter of 2001!

- The \$43 billion should be selectively frozen or cancelled, with an assessment made of the impact on who is holding, or owed, what kind of state obligations. Where the impact will not harm the owner of the obligation, the unworthy debt must be cancelled. In other cases, different terms can be worked out for the holder of state debts. Due consideration can be given to means for re-establishing the good-faith financial status of the state and its bond ratings.

- Ongoing state contracts with energy suppliers must have the prices re-set, to be based on cost-of-production, plus a reasonable rate of profit, not a “dereg-era” rate of profiteering. In cases where payment or debts are part of the legacy of pirate tribute—and have no connection to current and future supplies—the debt must be cancelled. In other cases where continued payment by the state is required to some particular electricity producer whose output depends on having the revenue stream, then the debt is useful, and can be honored.

## Job Creation

A critical factor in assuring reliable electricity in the short term, is the restoration of needed levels of workers in all parts of the energy system of the state. California's current profile of varied sources of electricity, by in-state mode of production, is:

Hydro 13%  
Nuclear 16%  
Natural Gas 43%  
Coal 13%  
Other 14%

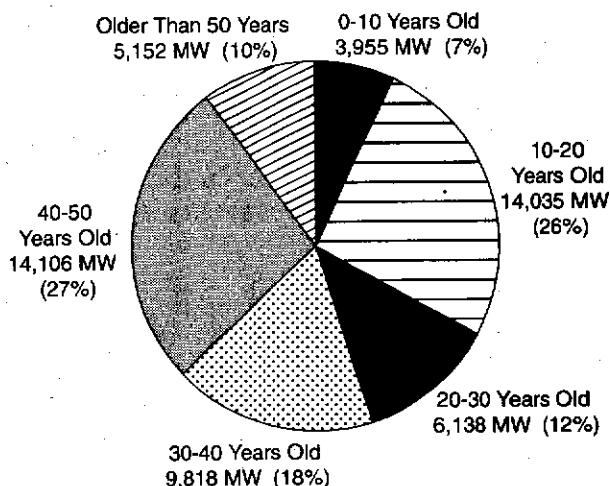
(This last category includes geothermal, wind, small dams, biomass, etc.)

This in-state production of electricity meets about 77% of the state's current consumption level, and the remaining is imported: 10% coming from the Northwest (mostly hydro powered), and 13% from the Southwest (mostly coal-fired).

Much of this power generation base is aged, whether fossil-fuel, hydro-power, or nuclear (**Figure 2**). The California Power Authority reports, “Sixty percent of our generation fleet is over 30 years old, and much is over 40 years old. It is past the end of its expected life, and will be retiring from service voluntarily or involuntarily with increasing frequency

FIGURE 2

## California's Power Plants Are Aging



Source: California Energy Commission.

over the next several years.”

All the more reason that a skilled, adequate workforce be deployed throughout the power grid of the state as a short-term priority to “make the system work”—no matter whether the plant is vintage, or modern.

First, look at the dimensions of the job cuts during the energy dereg catastrophe. For example, Pacific Gas & Electric and Southern California Edison. During 2000, when the state dereg electricity “market” began, and month by month, the wholesale electricity prices soared, and the two utility companies responded by cutting workers! As of January 2001, Southern California Edison had laid off over 400 workers, and announced another 1,450 more jobs to be eliminated; Pacific Gas & Electric laid off 520, with another 675 jobs to be cut. In March, both a court order and a directive were issued from the California Public Utilities Commission ordering the two utilities to reinstate 1,000 jobs, and block plans for 2,000 job cuts, because the maintenance of electric service to the public was in jeopardy from the lack of workers.

Overall, between 2000 and 2001, the number of workers in the California “utilities sector” (a state statistics classification) dropped by 1,300, from 56,000 to 54,700. By 2002, the number came back to the 2000 level; today, the state reports 58,400 workers in the utilities sector, but this is far below what is required.

The number of workers at present in the “electric

power generation" state classification is only 18,500, which is 400 fewer than in 2001.

During spring 2001, the state itself, facing a budget crisis because of trying to deal with the hyperinflated energy prices, started cutting state programs—including public works jobs in the water and power sectors.

All these job losses must be rectified immediately, sector by sector. **Figure 3** and **Figure 4** give the maps showing the current location of power plants of all kinds; and the mainlines of the state electricity transmission grid, all of which must be manned for maximum performance.

\* *Hydro*: California has significant dependence on its hydro-power capacity and in fact, still has some undeveloped potential, due to its topography and northern precipitation and run-off patterns. The photograph on page 12 shows the Keswick Dam and power plant, on the Sacramento River. Its three generating units have a total capacity of 75,000 kilowatts. The state's public works staff, and also the in-state workforce of the Federal Bureau of Reclamation, and the Army Corps of Engineers, must be maintained to the fullest, to assure continued good function of California's numerous power and water facilities.

\* *Nuclear*: There are two nuclear plants (four units) in the state—San Onofre and Diablo Canyon. The photo on page 13 shows the Diablo Canyon facility under construction in 1971, on the

seacoast in San Luis Obispo County. The two units went operational in 1985 and '86. Maintaining a full workforce (800 or more workers, including security) at each of these complexes is critical.

\* *Fossil Fuel*: Natural gas, coal-fired, and other generating plants are in operation throughout the state, and full complements of workers at all of them are essential to guarantee maximum utilization of existing capacity, and minimum downtime. In addition, completing construction, and bringing on line

FIGURE 3  
**California Statewide Power Plants**  
(Operational 0.1 MW and Above)

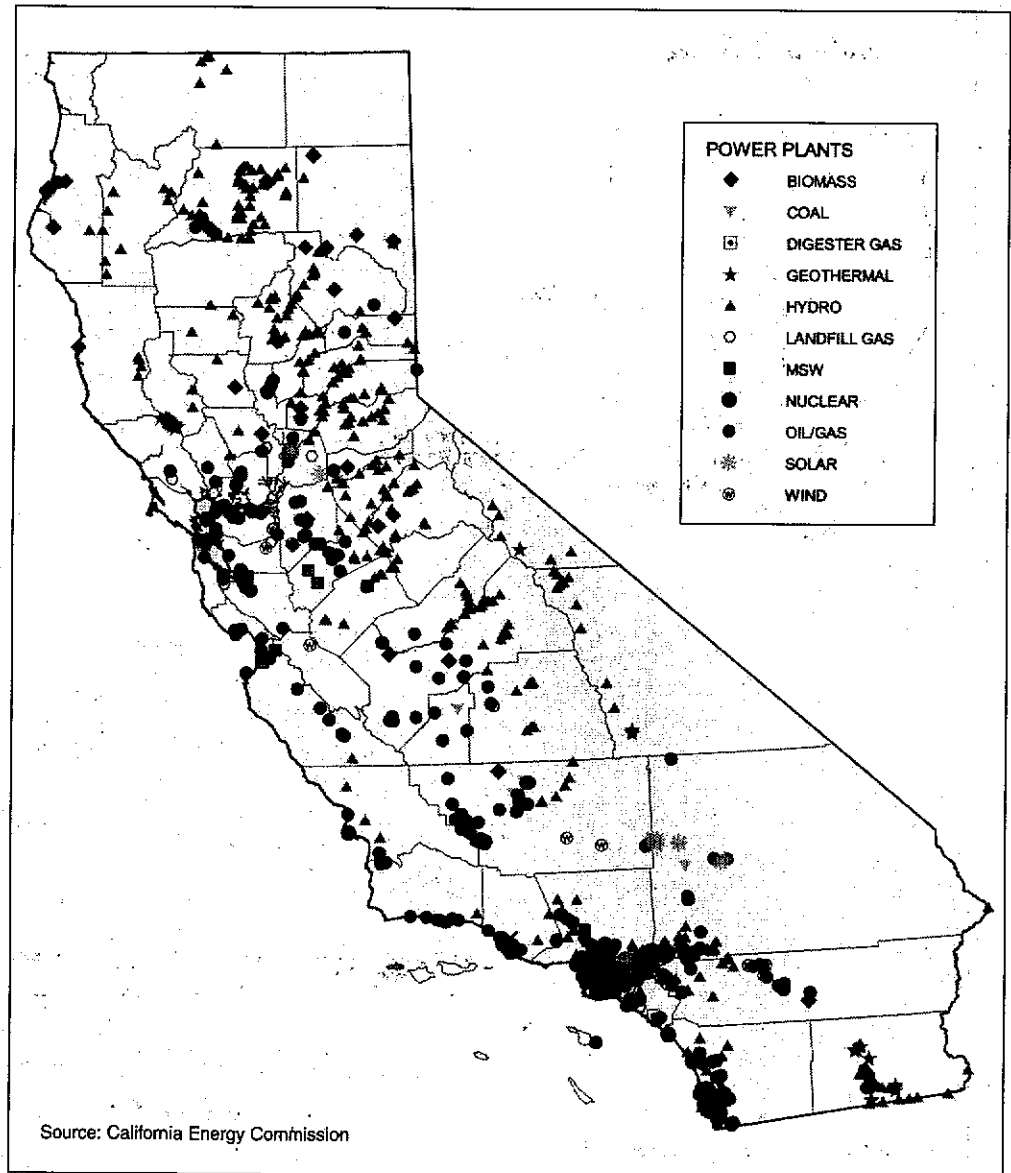
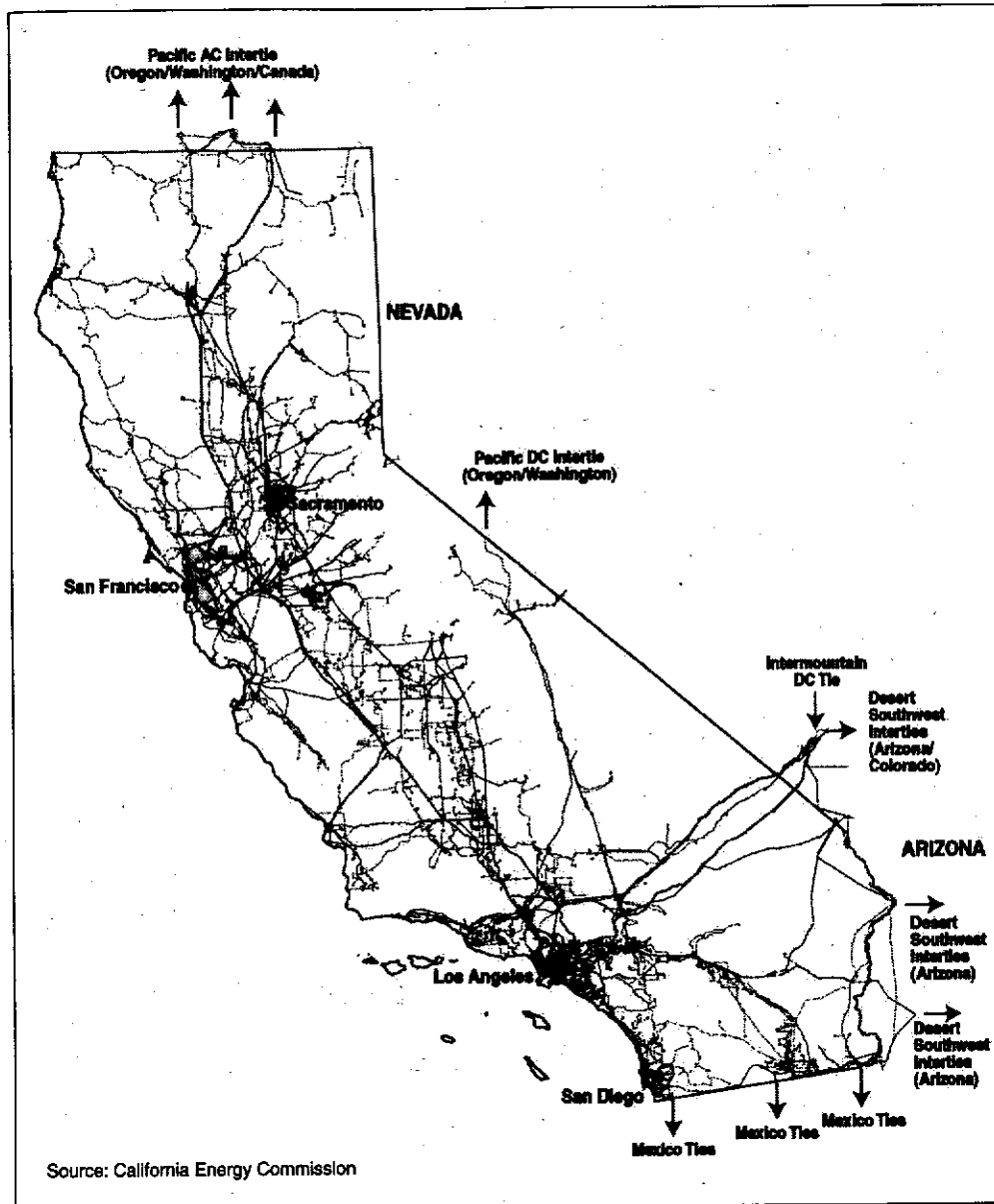


FIGURE 4

# California's Major Electricity Transmission Lines



all of the series of 21 new natural gas facilities announced during spring 2001 by Gov. Gray Davis, is also a short-term priority—both for job creation, and for maintaining a secure power supply until advanced nuclear generators can be built over the longer term. Natural gas is not the appropriate fuel for long-term base-line electricity generation for future planning—nuclear is required. But in the interim, the natural gas generators are needed, some as “peaker” plants during periods of heavy load requirements.

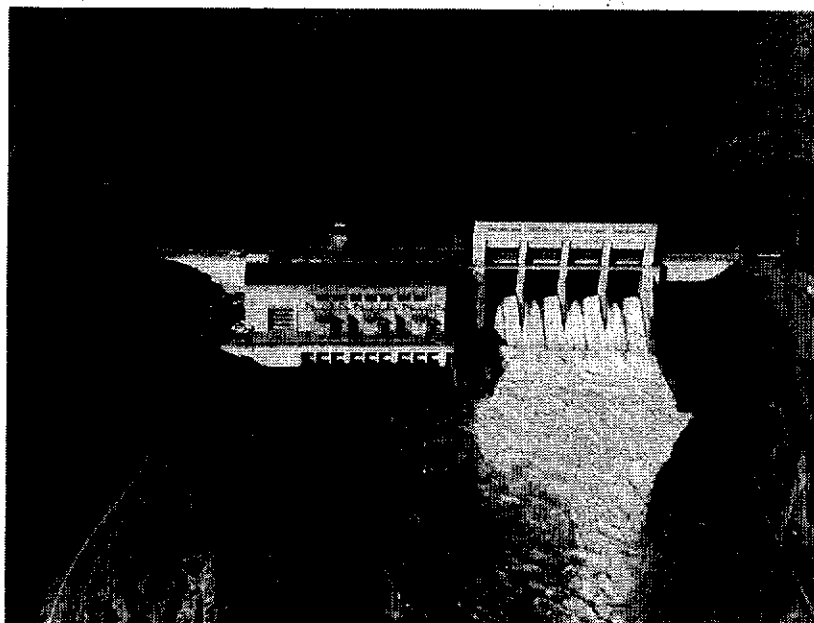
have always had 15% more capacity, either in units that they owned or purchase contracts, than high peak loads. This covered the operating reserve as well as reserves for units broken or out of service for any reason.

“The 15% reserve has disappeared as deregulation has progressed, since no private generator holds a 15% over-capacity that is seldom used. It is more critical for the state to restore these reserves because of the age of the generation fleet in California.”

*\* Transmission Grid:* Contingents of skilled workers are especially critical for the power transmission grid in California, which is inadequate at present, but must be made to serve until the time when advanced, high-tech systems can be put into place. **Figure 4** shows the main lines of the existing state electricity grid. The lines comprising the systems of the Pacific Gas & Electric and Southern California Edison Companies, are 26,000 miles in extent, much of that over 50 years old.

*\* Operating Without Reserves:* The level of electricity output capacity considered safe has traditionally been 15%. California simply does not have that; and must operate at or near peak. This, again, makes it mandatory to have a full workforce in the power sector.

The California Power Authority reports, “Unlike the airline that cancels a flight for mechanical failures, the lights must always stay on. Historically, utilities



U.S. Department of the Interior

Aerial view of Keswick dam and power plant on the Sacramento River. The plant has three generating units with a total capacity of 75,000 kW (kilowatts).

Where will the workers come from? To begin with, mass layoffs have been the order of the day in recent years in California, as nationally. **Figure 5** shows the dimensions of this catastrophe in the state for manufacturing workers. From 2000 to July 2003, over 269,000 skilled jobs have been eliminated in the state. So among the unemployed, there are significant cadres of skilled workers.

But in addition, to meet requirements, the state higher education system—originally designed to be one of the most extensive in the nation, but undercut in recent years, both in content and operation—can be geared up to serve in connection with the immediate goals of preparing workers to restore the energy system, and to prepare for launching major infrastructure projects for future expansion.

Over 1 million skilled jobs is a conservative projection for the scale of workforce needed in California for the short-term task of restoring and maintaining the pre-1996 state energy system, and also for launching, over the next three years, the new expanded energy and water infrastructure projects required for "Phase II" of longer-term economic revival, described in the next section.

### Federal Energy Re-Regulation

Two more vital questions come up, beyond the state-level measures for re-regulating electricity in California: First, ending electricity deregulation on the state level also relates to natural gas, gasoline,

and all other aspects of energy. Second, any action on the state level takes place in the national context of deregulation, which itself must be stopped through Federal re-regulation.

Just consider natural gas. The pipelines to supply natural gas to California are not extensive, for many historical reasons, yet a significant amount of its electricity comes from gas-fed plants. In 2000-01, natural gas prices soared in California, driving up power generation costs, slamming industrial and agriculture users, as well as residences. In December 2000, the spot price for natural gas hit \$9.50 per million BTU, up from under \$2.50 a year earlier. Natural gas prices and key aspects of the industry have been nationally deregulated.

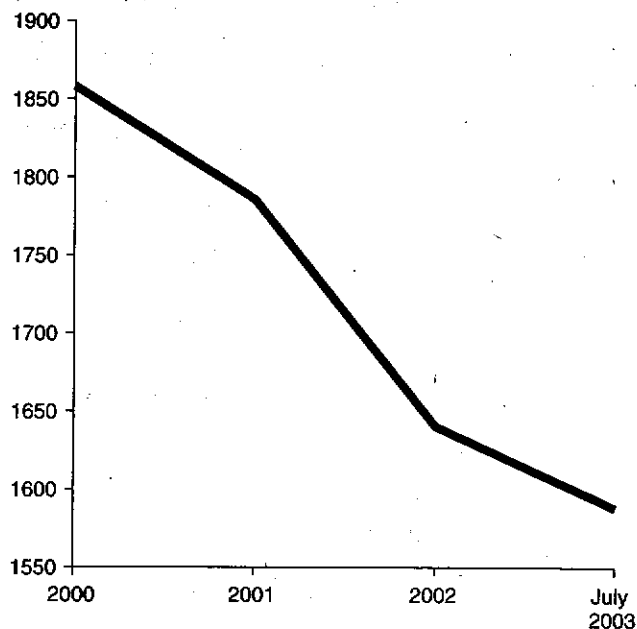
The gas pirates made a killing off California, including El Paso (convicted of bilking the state), EOG (Enron Oil and Gas, a spinoff of Enron proper), and others.

However, since some of these companies themselves crashed, a new, higher-level crowd of shysters has moved in, intending a killing. **Figure 6** shows

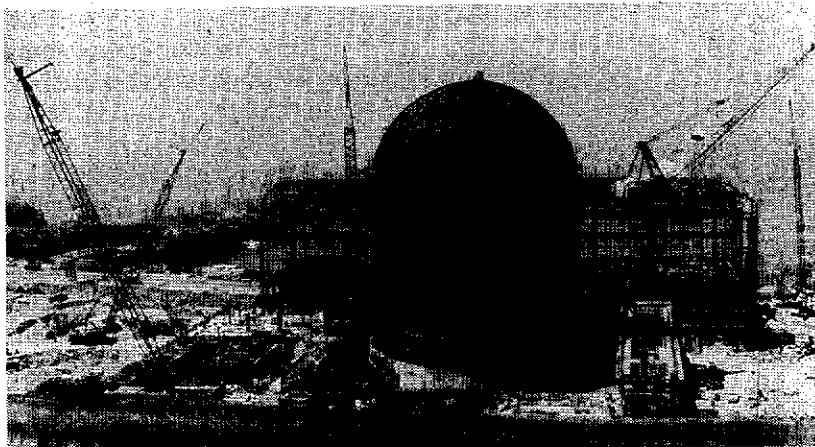
FIGURE 5

### California Manufacturing Workforce Cut by 269,000, 2000-2003

(Thousands)



Source: EIR.



U.S. Department of Energy

**The Diablo Canyon nuclear plant, under construction by Westinghouse Electric. Built on a 750-acre complex in San Luis Obispo County, the plant's lead-time took over 15 years, to account for seismic activity and the Pacific Ocean site. The two units are Pressurized Light Water Reactors, with a capacity of 1,087 MW each, and went on line in 1985 and 1986, respectively.**

the Kern River Pipeline, whose owner is none other than Warren Buffett, ranked as the second richest man in the country, and the co-chairman of the economics team for Arnold Schwarzenegger's recall-bid for California Governor! Buffett's front company Berkshire Hathaway, has majority interest in Mid-American Energy Holdings, acquired in 1999, for strategic energy buy-ups. In 2002 it bought the Kern River Rockies-to-California pipeline from Williams Companies; a year earlier it bought the huge Northern Natural Gas line from Dynergy. (which got it from Enron in 2001).

What is the necessary policy response? Federal re-regulation of natural gas and all energy, going back to the pre-1970s-1990s deregulation acts. The price of gas supplies, the pipeline system, and other related infrastructure (where pipelines are located, wells, etc.) are a matter for Federal regulation, and in conjunction, state regulation also. If Buffett wants to own pipelines, he obeys the same public-interest guidelines as anyone else. Or else. The Cheney Gang energy protection racket is over.

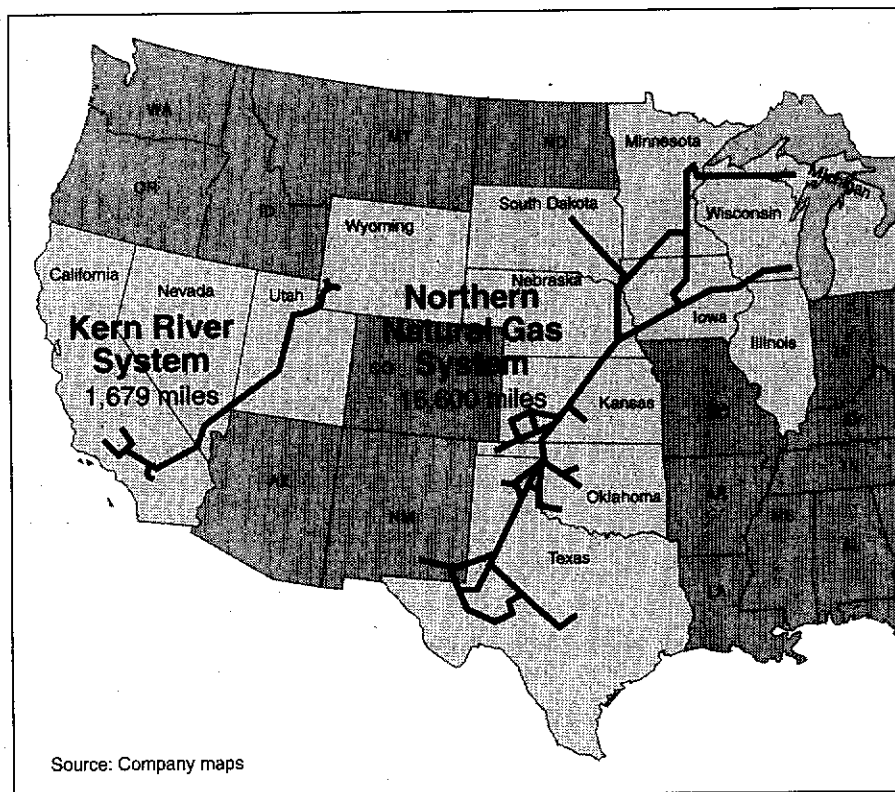
Under re-regulation, the government acts to be sure private activity is undertaken in a way to guarantee needed infrastructure for reliable, and reasonably priced power, water, transportation, health care, and all utilities required for the national economy and public good. The principle involved was indicated by Gov. Gray Davis in May 2001, when he made a public example of Houston-based Reliant Energy, which was withholding power to California, and making extortionist windfall profits. Davis said, "I reserve the right to do what is in the state's best interest. . . . If they [the suppliers] don't want to see their plants seized, they should make sure their plants are up and running this summer." (*Los Angeles Times* inter-

view, May 17, 2001, the day of the release of the Cheney Energy Task Force report, decreeing more Federal deregulation.)

The timeline on page 14 gives the short list of

FIGURE 6

**Warren Buffett's Natural Gas Pipeline Empire—Ready To Make A Killing Off California Recall and Energy Deregulation**



Source: Company maps

hallmark *Federal deregulation* acts and orders for electricity and natural gas over the past 20 years, which must be nullified. This leaves as standing law, the key policies of the 1930s period, the 1935 Public Utilities Holding Company Act, and also the 1935 Federal Power Act.

### **1935 Public Utilities Holding Company Act**

As of fall term 2003, Congress has before it legislation eliminating the landmark regulatory law which Franklin Delano Roosevelt passed in order to break the power of the giant, Wall Street-controlled power companies of his era, the Public Utilities Holding Company Act. While some of the measures of PUHCA have been waived over recent years in favor of deregulation, its fundamental mandate and powers remain.

Title I of PUHCA stipulates that the Securities and Exchange Commission should: regulate securities issues and intercompany transactions; lay down the principle that a holding company should not benefit from financial dealings with its own subsidiaries; and demand uniform systems of reporting and accounting.

Title II authorizes the Federal Power Commission

to integrate the utility operating companies into regional systems on the basis of technical efficiency, not of speculative manipulation. Under this provision, Roosevelt's Administration went ahead to *dissolve* a good number of holding companies which could show "no useful economic function," but were being used to loot the system. This provision could profitably be applied today.

Supplementing the PUHCA, Roosevelt expanded the powers of the Federal Power Commission in the Federal Power Act of 1935, by giving the FPC the ability to "regulate electric utilities' wholesale rates and transactions," and to establish "just and reasonable rates for the transmission and sales of wholesale electric power in interstate commerce." The FPC was also to regulate "permanent interconnections of electric utilities and promote the adequacy of interstate electric power service."

Today, the FPC is called the Federal Energy Regulatory Commission (FERC), and its powers have been reduced, but it still has the power to establish a "just price" that covers costs, and a margin of surplus for investment.

Whatever energy bill is passed in Congress must maintain, and expand, these regulatory powers, for the health of the nation.

### **To Be Nullified:**

### **Some Key Federal Energy Deregulation Acts and Precedents, 1970s-1990s**

**1978: Public Utility Regulatory Policy Act.** This act promoted non-regulated, "non-utility" electricity generation, and access to the transmission grid by "non-utility" generators. Allowed exceptions to the 1935 Public Utility Holding Company Act, so that the door was opened to huge mergers and monopoly control (Enron et al.) over a rigged "open market" in energy.

**1978: Natural Gas Policy Act.** This act phased in decontrol over most natural gas prices at the wellhead, by overturning a 1954 Supreme Court decision, which upheld the 1938 Natural Gas Act-mandated right of the Federal Power Commission to regulate interstate transportation and wholesale sales of gas, if the well's output is sold in interstate commerce.

**1985: Federal Energy Regulatory Commission (FERC, formerly Federal Power Commission)**

issued regulations to establish a voluntary program for pipelines to become "open access" to anyone who wants to buy gas, to encourage "competition."

**1989: Natural Gas Wellhead Decontrol Act.** This phased in the removal of price controls of all natural gas at the wellhead.

**1992: Energy Policy Act.** This act further promoted the activities of non-regulated power companies, paving the way for state-level electricity deregulation.

**1992: FERC made the "open access"** to natural gas pipelines mandatory, so all new producers can compete directly for customers. Interstate pipelines are required to "unbundle" services, to "open the market" to unregulated gas companies.

## Phase II: Longer Term

# Great Power, Water, and Nuclear Projects

**T**he current dramatic water and power shortages in California are entirely a policy crisis, not the result of limitations of the state's physical resource base. California's 20th-century rise to preeminence in population, agriculture, and manufacturing, has been the result of infrastructure-building in decades past, for example, the 1930s Colorado River management projects under Franklin Delano Roosevelt. This "Great Projects" approach must be resumed today, with continental-scale and California-based projects for power and water, that have been on the drawing boards for decades, but sidelined during the era of "free market" deregulation and looting.

In the forefront must be the program to "Go Nuclear" using the most modern systems, as described in the next section. During the next decade, California will have to engage in large-scale building of electricity-generation plants, especially nuclear power plants, to provide for future real economic growth, as well as the replacement of its aging power plants. This requires a mobilization.

The California Energy Commission (CEC), in its "2002-2012 Electricity Outlook Report," has estimated different scenarios of the growth of electricity use in years ahead. Under its "Most Likely Growth" scenario, the CEC has projected that California electricity consumption will grow from 255,829 gigawatt hours consumed in 2002, to 326,796 gigawatt hours consumed in 2012, a rise of 71,000 gigawatt hours, representing an increase of 28%. Physical electricity generation capacity will have to be expanded appropriately to provide the increased electricity that will be consumed.

While the CEC's projected 28% increase is already

substantial, it significantly understates the real electricity need. The CEC's projection provides for very little real growth in electricity consumption on a per capita basis over the decade. Its principal purpose is to keep up (barely) with projected population growth. It barely keeps the economy and population living standards on a steady basis. In fact, it is explicitly premised on "voluntary cuts" in electricity consumption.

But to reverse the current steep economic decline, California must engage in a vast expansion and scientific upgrade of its infrastructure, manufacturing, and agriculture. It must shift to electrified, high-speed rail, and even to a maglev (magnetic levitation) trunkline system, whose operation consumes large amounts of electricity. It must expand real manufacturing—not the New Economy sideshow—which requires considerable amounts of electricity. To expand its agriculture (California is the nation's biggest producer of fruits and vegetables), which is very energy- and irrigation-dependent, the state must have new volumes of electricity.

Based on this prospect for economic expansion, *EIR* has projected that California would require at least 100,000 to 150,000 additional gigawatt hours in increased electricity consumption by 2012, above its 2002 level.

### Build 20 to 30 New Nuclear Plants

That electricity could be provided, in only a small measure, by running existing power plants longer. Thus, there is no solution except constructing new capacity, meaning principally 80 to 120 new nuclear power plant units, based on a unit being that of the latest "Fourth Generation"

design (each about 200 MW).

As a rough calculation, nuclear experts work from the rule of thumb that a nuclear power plant will be in operation for 7,200 hours per year. Now, for California to provide an additional 100,000 to 150,000 gigawatt hours of electricity for consumption by 2012, would require the construction of 14 to 21 gigawatts of additional nuclear power electricity generation capacity. The most efficient configuration to generate nuclear power, as elaborated in the next section, is to construct a single 800-MW nuclear module or complex, made up of four nuclear power units capable of generating 200 MW each.

Thus, for California to provide the necessary 14 to 21 gigawatts of new nuclear-based generating capacity requires a mobilization to construct, over the next 10 years, between 20 to 30 new nuclear modules of 800 MW each. This means the manufacturing of between 80 and 120 new individual 200-MW nuclear plant units. This is an exciting mission.

### Geographic Engineering

We now turn to the physical geography of California and the continent, review certain priority projects, and then consider the huge manpower requirements.

California, the most populous state and leading state economy of the United States, has a physical resource base of outstanding variety and potential for water and power. Southern California is part of the vast, continental "Great American Desert" (Figure 7), while the state's northern region has areas receiving over 80 inches of rainfall a year. There are similar temperature extremes, from desert heat in the south, to a cool, temperate climate in the north. The elevation extremes are indicated on the continental map (Figure 8). The state's Death Valley in the south is 292 feet below sea level, while Mt. Whitney (in the same county, Inyo) is 14,494 feet high. Large parts of the state visible on the maps (e.g., the Central Valley), are

FIGURE 7

### The Great American Desert



Source: EIR.

naturally suited for agriculture.

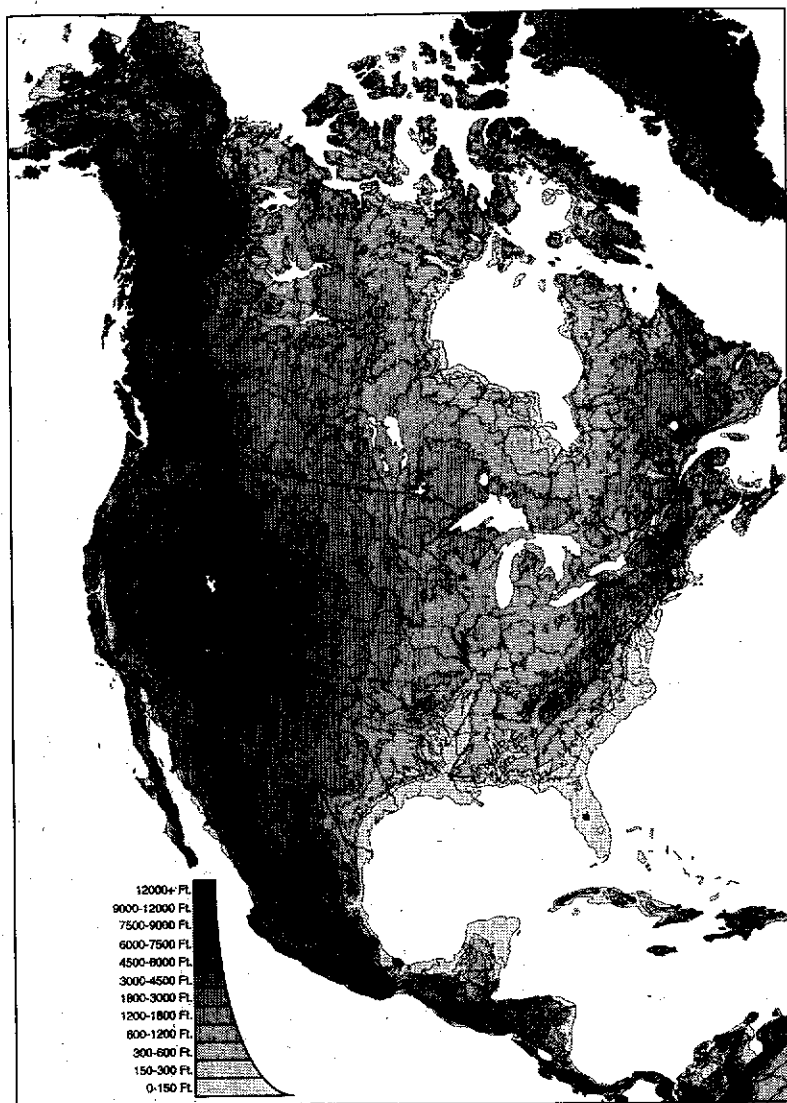
Finally, California's long Pacific Ocean coastline means unlimited access to seawater for desalination; and also several outstanding deepwater ports.

Significant aquifers underlie much of the state, but they have been overdrawn during the past four decades, when no new infrastructure was built for surface water; desalinating seawater, and conveyance of new out-of-state supplies, will therefore be necessary.

In 1957, the *California Water Plan* was adopted by the state, involving projects to harness the river runoff within state boundaries for hydro-power, water supply, and flood protection, and to look forward to out-of-state, cooperative continental-scale



FIGURE 8

**North America: Elevations**

projects for expanding water supplies and power. One model for this at the time, was the famous Imperial Valley agriculture zone in the south, developed early in the 19th century by water diversion projects.

In November 2002, Lyndon LaRouche called for a renewed drive for a continental-scale infrastructure program he named the "Great American Desert" development plan. He announced this on a visit to Saltillo, in Coahuila, Mexico, stressing the Mexico-United States collaboration involved, and the massive jobs-creation aspects. How to fund it? LaRouche called for a "Super-TVA" approach, in which the cooperating governments decide on the priority projects, solicit bids for the work, and

extend low-interest credit for the financing. The mode is the Tennessee Valley Authority.

**Build NAWAPA-Plus**

*North American Water and Power Alliance.* In the 1950s, California engineers worked with the Anaheim-based Parsons firm in what became the proposal called the North American Water and Power Alliance. The idea (**Figure 9**) is to divert southward water that otherwise flows north into the Arctic Ocean. Through principal waterways (double lines), including the Rocky Mountain Trench, a natural wonder, the water can proceed by gravity flow, except at a needed lift pump in Montana. Vast new supplies can be delivered to the High Plains, into the Great Lakes Basin, and southward even to the Rio Grande Basin.

Under this plan, California stands to gain 25% more water than its current utilization! And significant amounts of hydro-power are factored into the overall plan.

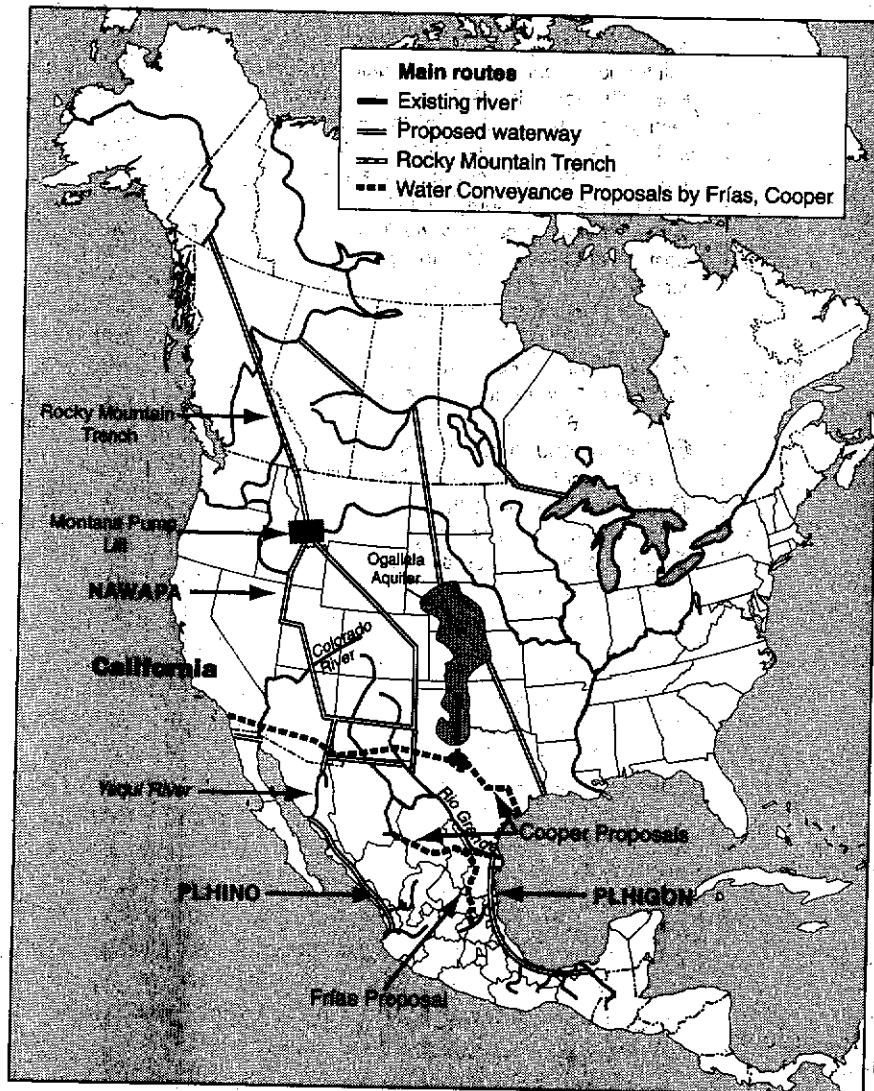
*Mexico Projects—PLHINO and PLHIGON.* Complementary to this, Mexico developed, as of the 1960s, the programs for diverting runoff from the Western Sierra Madre Mountains northward—the Northwest Hydraulic Plan (PLHINO); and the diversion of flow from the Southern Sierra Madre northward—the Northern Gulf Hydraulic Plan (PLHIGON).

The map also shows (dotted lines) additional recommended features that can be built, proposed by Mexican engineer Manuel Frias Alcaraz, and U.S. engineer Hal Cooper. The "Cooper Proposal" recommends a water transfer line through which desalted water could be conveyed across the drylands between the Gulf of Mexico and the Pacific, from both desalinated seawater and desalted brackish inland ground-water.

"NAWAPA-Plus" was the name given by Lyndon LaRouche for these complementary, long-overdue water and power continental infrastructure projects, in his Sept. 4, 2003 introduction to an economic development program, a mass-circulation 40-page campaign document, called "The Sovereign States of the Americas." (Spanish and English, [www.larouchein2004.com](http://www.larouchein2004.com))

FIGURE 9

## North America: 'NAWAPA-Plus'



Sources: Parsons Company, *North American Water and Power Alliance Conceptual Study*, Dec. 7, 1964; Hal Cooper; Manuel Frias Alcaraz; EIR.

### Build the Unfinished 'California Water Plan'

In line with NAWAPA-Plus, there are in-state California water and power projects awaiting construction, many going back to the original 1957 California Water Plan. **Figure 10** shows 11 dam projects on the river basins of the Sacramento and the San Joaquin (location map on **Figure 11**), which flow into a joint delta, and out to sea via San Francisco Bay. Had these projects been built, and the levees maintained on the rivers, Sacramento, the capital of California, would not have been under water during the famous Flood of '97. Besides flood

protection, the dams and reservoirs would add to the fresh water supply for the state.

In addition to these unbuilt projects on the upstream tributaries of the Sacramento and San Joaquin, there are other water management projects on the drawing boards for the major runoff basins in the north, indicated on **Figure 11**, for heavy precipitation zones.

Over the past 40 years, these projects were halted, in the false name of conservation, and other anti-infrastructure, anti-nature propaganda. Moreover, needed maintenance and repairs of the existing network of dams, hydro-power installations, aqueducts, and canals have been neglected. There are hundreds of miles of aqueducts, for example, the Los Angeles Aqueduct.

NAWAPA itself, taken up favorably by Congress in the 1960s, was thwarted by a concerted assault from financial, political circles, the very ones acting to impose the deregulation, "free market" policies of looting beginning in the 1970s, up to the present.

### One Million New Jobs

Launching these infrastructure projects now is to the obvious mutual benefit of the United States, Mexico, and Canada, and all concerned throughout the Americas. This is of particular importance to California, as opposed to

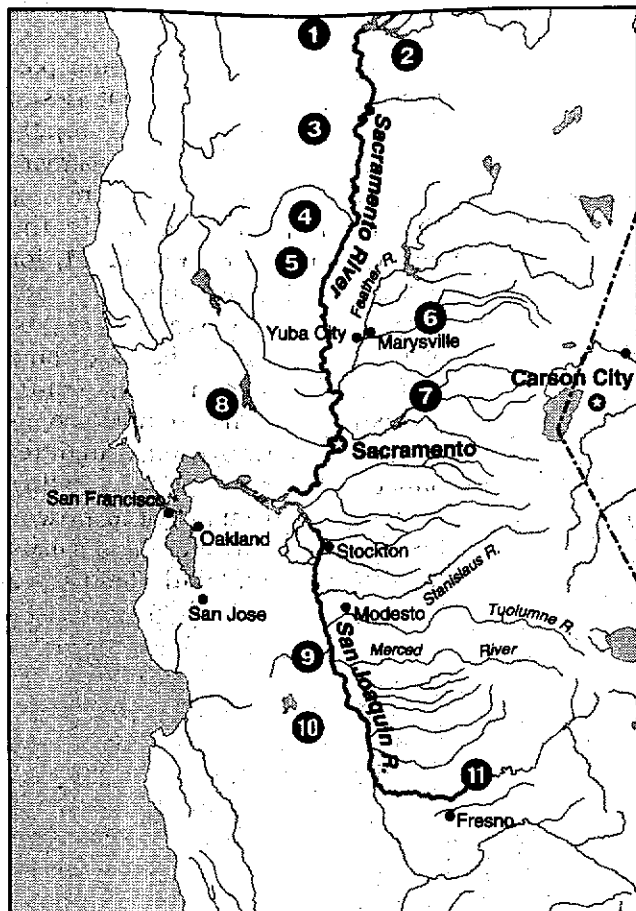
the current dead-end conflicts over seemingly scarce water and power, and also, strife over immigration and the seemingly hopeless employment situation.

There will be a pressing need for employment of all kinds, from construction, to engineering, equipment operation, logistics, etc. to the secondary needs for housing, social services, and provision of inputs, from machinery to cement.

The figure of 1 million new California jobs to begin with, is realistic, for an energy-led, high-tech infrastructure building mobilization. The parameters are defined by adding up the numbers

FIGURE 10

# Eleven Proposed Dams for the Sacramento/San Joaquin River Basins



Source: EIR.

of the types and scale of work needed to be done. Some examples: Heavy construction for nuclear plant site preparation, and for make-ready for new hydraulic projects, creates a need for at least a 250,000-person construction industry expansion. Then, the industries preparing the inputs—from equipment, to hardware, pipes and supplies, steel and aggregates—require new employment, in the range of at least 200,000. Overhaul and modernization of the electricity transmission grid, both in California and interconnections throughout the West, require another 100,000 workers, directly and indirectly. Maintenance crews, and then whole batteries of workers in the support sectors (housing, health care, education, social services, and related supply industries) adds up to over 200,000.

These estimates are rough, but suggest the true dimensions of what's required for an energy-led drive to restore sanity and the economy.

## Key

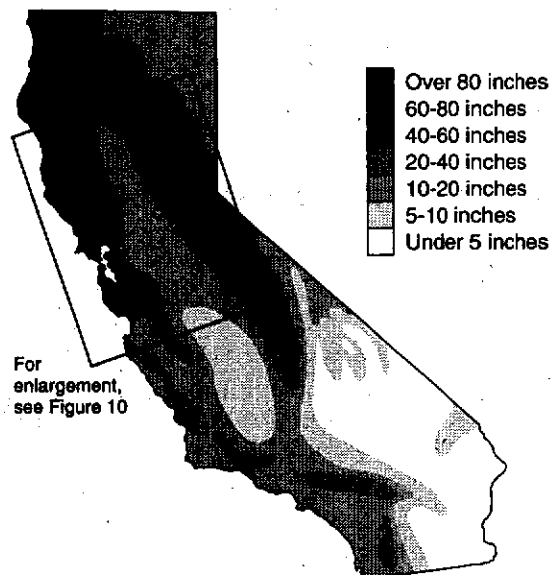
Shown here are 11 out of 60 surface storage projects that could be built for flood control to protect against "100-year" and, in many locations, "200-year" floods. The dam/reservoirs would also add to the fresh water supply. Many of these projects were drawn up as far back as California's 1957 Water Plan. Engineering and other studies required for their construction have already been completed.

Listed are their storage capacity, and cost, where known. Their combined storage capacity would be 39.1 million acre-feet (maf), almost equal to the current storage capacity of California's system. An acre-foot is equal to 325,851 gallons (the amount of water that could cover one acre to the depth of one foot).

- 1 **Clair Engle Lake:** enlargement to 5 maf
- 2 **Shasta Reservoir:** enlarge from 4.55 maf to 14 maf  
cost: \$4-6 billion
- 3 **Cottonwood Creek:** 1.6 maf  
1987 cost in 1995 dollars: \$760 million
- 4 **Glenn Reservoir:** 8 maf  
1980 cost indexed to 1996 dollars: \$3.4 billion
- 5 **Sites Colusa Reservoir:** 3 maf  
cost: \$1.5 billion
- 6 **Marysville Reservoir:** 900,000 acre-feet  
cost: \$1 billion
- 7 **Auburn Dam:** 2.3 maf  
1987 cost, expressed in 1996 dollars: \$1.5 billion
- 8 **Lake Berryessa:** enlargement from 1 maf to 13 maf  
cost: \$2.9 billion
- 9 **Orestimba Reservoir:** 1.1 maf  
cost: \$1.8 billion
- 10 **Los Banos Grandes:** 2 maf  
cost: \$1.1 billion
- 11 **Millerton-Friant Dam:** enlargement from 0.6 maf to 1.4 maf

FIGURE 11

## California—Average Annual Precipitation



# Phase III

# Go Nuclear!

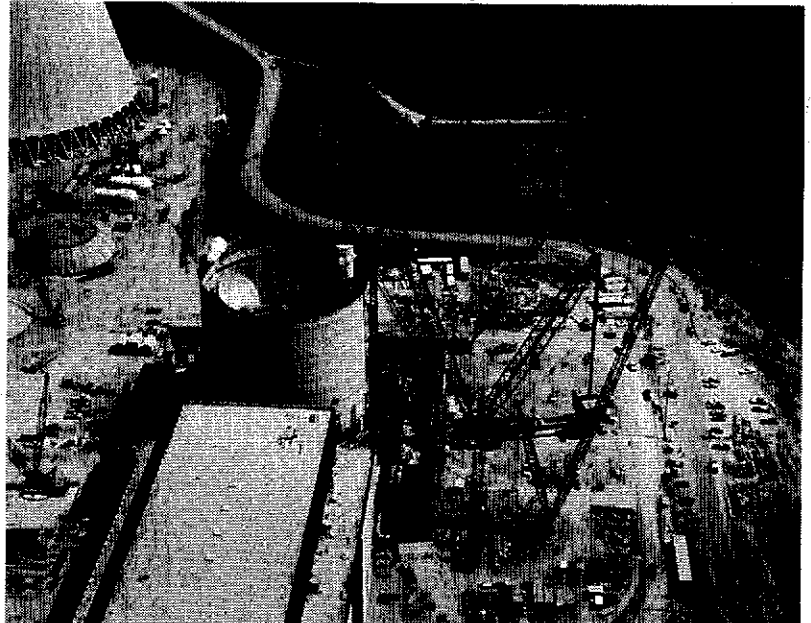
**I**t is now urgent to “re-nuclearize” California’s energy grid, and the nation’s. For California alone, 20-30 new nuclear plants are required, with four units per each plant of the most modern—“Fourth Generation”—design.

Over the past 40 years, but especially in the 1990s to the present, the United States has been “powered down” in terms of the dramatic fall in per capita installed electrical generating capacity in the nation (**Figure 12**), and in particular in California. In the period 1995-2000, for example, U.S. capacity added only 11,000 MW power from all energy sources (a 1.5% increase)! In contrast, during the early 1970s, installed capacity was increasing at a rate of about 7% a year.

In California, no net electricity capacity increase took place at all during the 1990s.

The solution to this? Go nuclear. The map (**Figure 13**) of the location of the current nuclear plants in operation in North America fills out the nature of the problem to be solved in California. Of the 103 plants in the United States at present, only four units are in California (two each at San Onofre and Diablo Canyon). Another three are in Arizona, one is in operation in Washington State, and only one in all of Mexico.

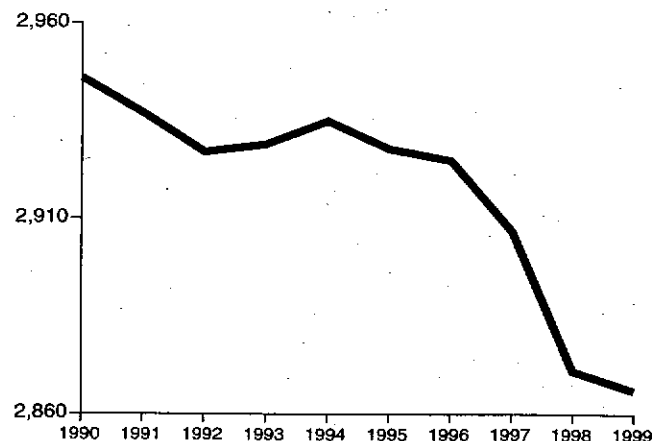
A Western plant that would have been operating today in Hanford, Wash. (in photo), now stands abandoned, 75% complete—a dramatic result of the abrupt policy shift over the past 30 years. As of the 1970s, the number of new U.S. orders for nuclear plants declined, until all were cancelled, and even the number of plants in operation has begun to decline. Mexican President Jose Lopez Portillo, during his term of office (1976-82), had a plan for 20 nuclear plants for his nation, all but one of which were postponed indefinitely.



Washington Public Power Supply System

Part of the 5,000 MW of nuclear power capacity, partly built and then abandoned and never put online, at the Hanford, Wash. nuclear complex of the Washington Public Power Supply System.

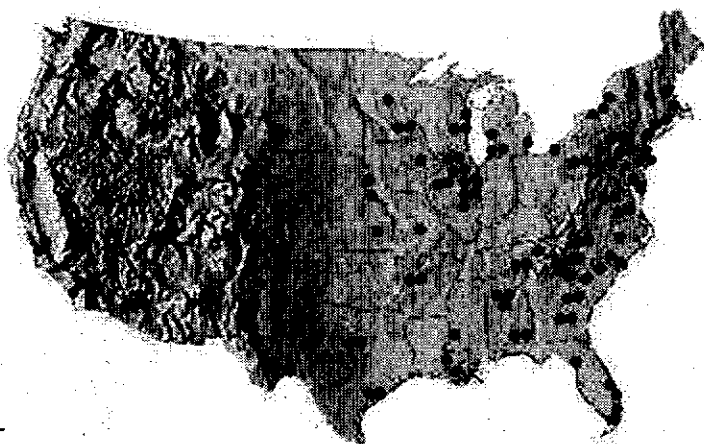
**FIGURE 12**  
**Installed U.S. Electrical Generating Capacity, in Watts Per Capita, 1990-1999**



Source: Energy Information Administration, U.S. Department of Energy; U.S. Department of Commerce.

FIGURE 13

## 103 Operating Nuclear Plants Produce 20% of U.S. Power



Source: Nuclear Energy Institute.

- The cheapest, most reliable, and most efficient 20% of the U.S. electrical power grid, is nuclear.
- Total U.S. capacity added only 11,000 MW power from ALL energy sources (1.5%) in past five years. No capacity was added in California in a decade.
- 5,000 MW of nuclear power was abandoned under construction—up to 75% complete—in Washington State. The Northwest region was 4,000 MW short of capacity in January 2001.
- Canada has 14 plants; Mexico, one.

### Build 'Fourth-Generation' Reactors

There is no question about the merits of nuclear—as indicated in **Table 2**, showing how nuclear energy is the most power-dense form of all types. The important policy question is the matter of the particular design and size of the nuclear plant for the needed construction mobilization.

The most appropriate technology is what is known as the "Fourth Generation," or very advanced, high-temperature gas-cooled nuclear reactors. Among the benefits is the fact that these can be built in the range of 200 MW. In construction, this gives the advantage of saving on the time and hassle needed for the large nuclear plants, where large amounts of three-foot-thick concrete must be cured (dry-set), and very involved, extensive infrastructure (plumbing, etc.) must be built.

Second, the smaller modular plants can be installed in series as needed; for example, four such units installed on a coastal site, for use with high-tech seawater desalination. The heat generated by these plants can also be used to make the saline seawater potable.

And most important, gearing up to assembly-line-produce these plants is of urgency not just for the United States, but for producing for other priority installations all around the Hemisphere. The smaller-size facility can be incorporated in multiples as needed, in the buildup of national energy grids throughout the Americas, and for industrial-process heat, etc..

How would the gear-up work? Think of the principle involved in the Nuclear Navy, developed under the leadership of Admiral Hyman Rickover. A model nuclear ship design was agreed upon by the govern-

ment. It was then put out for bids to the shipyards. All along the line, ingenuity and skilled output were fostered in the construction process.

Today, the "approved" design—call it the "California Model," if you like—can be arrived at, and then the bidding and building process commence. Financing through Federal low-interest credits, can jump-start the manufacturing, and also other needed projects

along the way. This is exactly how the 1930s grand projects of public works were undertaken, from the Hoover Dam—which originated at the California-based Bechtel Corp.—to smaller-scale programs.

### The General Atomics GT-MHR—The 'California Model'

Fourth-generation nuclear reactors are now ready for mass-scale introduction; their designs are supersafe, and almost 50% more efficient than conventional reactors. The German-developed "Pebble Bed Modular Reactor" (using tennis-ball-sized fuel pellets) is right now under construction in South Africa, with fully tested components for safety and output.

The original idea for using fuel particles was pioneered by San Diego-based General Atomics, whose design is shown here (**Figure 14**), for an underground, high-temperature gas-cooled nuclear reac-

TABLE 2

#### Energy Flux Density Comparisons

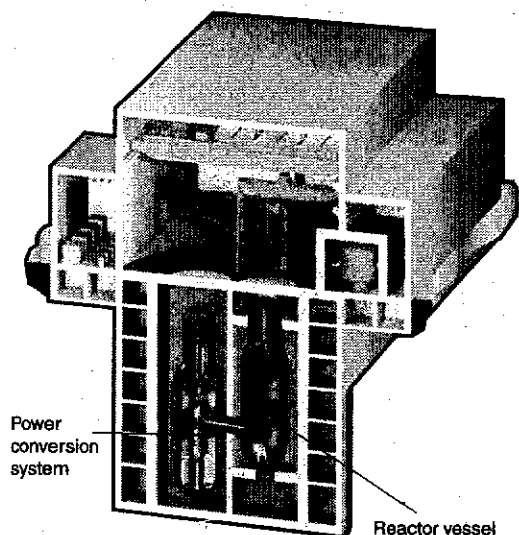
Solar—biomass	0.0000001
Solar—earth surface	0.0002
Solar—near-earth orbit	0.001
Solar—near-solar orbit	1.0
Fossil	10.0
Nuclear Fission	50.0 to 200.0

Energy flux density is measured by the amount of power, in megawatts, through the surface area of various energy systems. The higher the figure, the more efficient the system in creating heat to raise the temperature of water. Today's nuclear fission reactors are between 5 and 20 times more efficient than comparable fossil-fuel plants.

tor—the “GT-MHR.” Its inherent features make meltdown impossible. The tiny fuel particles are encased in ceramic spheres, which serve as mini-“containment” housing for the fission products. By

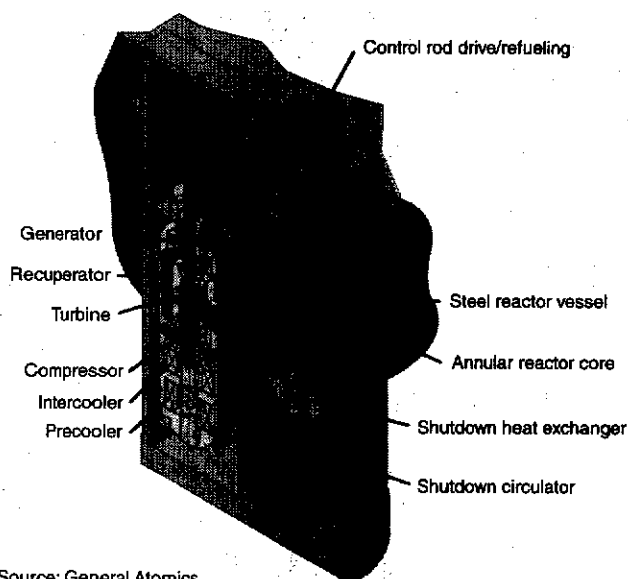
FIGURE 14

### Cutaway View of the GT-MHR Reactor and Power Conversion systems



This is the current design for a 285 MW-e power plant (600 MW-thermal), and shows how the layers of hexagonal fuel elements are stacked in the reactor core. The helium gas passes from the reactor to the gas turbine through the inside of the connecting coaxial duct, and returns via the outside.

The reactor vessel and the power conversion vessel are located below ground, and the support system for the reactor is above ground.



Source: General Atomics

removing one of these spheres stacked inside the actual containment housing, power and heat generation are stopped. In other words, the nuclear fission can be stopped that easily—making this system inherently safe and non-polluting.

The GT-MHR produces higher process heat (1,560° F), compared to the 600° F limit of conventional water-cooled nuclear reactors, allowing greater electric-generating efficiency, and a wide range of industrial applications, from making fertilizer to refining petroleum.

Cheap, plentiful electricity is the precondition for large-volume water desalination. The illustration here (Figure 15) shows what could be done for the arid Southern California region, by nuclear-powered desalination on the Pacific Coast.

FIGURE 15



Source: Preliminary Design Rept. 1084, Met. Water Dist. of S. Calif., 1993

Artist's depiction of a modern seawater desalination tower. It is proposed for a location on the Pacific Coast of California. The structure houses a multi-effect distillation process (vertically stacked evaporators) for large-scale output (284,000 cubic meters daily).

# LaRouche's Record: Re-Regulate Now! Reliable, Safe, Affordable Power

On Jan. 3, 2001, speaking at an international webcast event in Washington, D.C., Presidential pre-candidate Lyndon H. LaRouche, Jr. declared what had to be done for the California and national energy crisis: "Immediately, through the Federal government, create two steps: ... Establish re-regulation, emergency re-regulation. Do it under Clinton. Don't wait for Bush. Do it now! ... And then get some money in there. ... Get some power generation going in that area. We're going to ensure a safe and adequate supply of energy, to industry and to populations throughout the area."

The following are some of the key interventions by LaRouche during the 2000-2001 energy disaster period.

**Sept. 19, 2000:** LaRouche issues a 10-point memorandum, as a policy summary, "On the Subject of Emergency Action by Governments to Bring the Present Petroleum-Price Inflation Under Control."

**Dec. 4, 2000:** In Boston, LaRouche's policy proposals are presented in testimony at a hearing of the Boston City Council's State and Federal Affairs Committee, convened to hear public discussion on a "Resolution on Emergency Governmental Action to Reduce Oil and Natural Gas Prices"—a proposal for re-regulation by Councilman Chuck Turner. LaRouche's statement of support was presented, stressing, "The measure before you, if adopted, is surely, once again, a shot which will be heard around the world."

LaRouche and associates collaborate with state and local lawmakers for re-regulation. In Nevada, State Sen. Joe Neal (D-North Las Vegas) introduces a bill to roll back deregulation; other states and cities demand re-regulation. Neal travels to California, Ohio, and later, Mexico, collaborating with the LaRouche effort to expose the energy pirates, and re-regulate electricity.



EIRNS/Joel Jennings

**Members of the LaRouche movement demonstrate outside Enron headquarters in Houston.**

**Jan. 3, 2001:** In Washington, D.C., LaRouche calls for emergency Federal energy re-regulation action for California.

**Feb. 4, 2001:** In California, LaRouche addresses a youth conference, calling for a full-scale energy re-regulation organizing campaign, and warning against Cheney, et al. His address is titled, "On the California Energy Crisis—As Seen and Said by the Salton Sea," and specifies how deregulation and energy speculation led up to the crisis, what practical measures are called for immediately from government, what legal precedents exist, and what consequences can be expected if the proper action does not take place. The candidate made an explicit warning on Cheney: "The present Administration and its complement in the Congress, has two principal features. On the one side, as typified by cases such as Vice President Cheney and Secretary of Defense Rumsfeld, it is identified with the Wall Street 'establishment.'"

**Jan. 31, 2001:** LaRouche's re-regulation program is submitted to the

Senate Energy and Natural Resources Committee, in *EIR* testimony to a hearing on the California crisis, and at many subsequent hearings.

**Feb. 13, 2001:** A 200,000 press run of LaRouche's Feb. 4 California crisis speech is issued as a national mass pamphlet on re-regulation by the LaRouche in 2004 campaign, with follow-up reprintings.

**Feb. 14, 2001:** In Sacramento, California, the LaRouche Youth Movement conducts an intense "lobbying day" for re-regulation, timed with the State Assembly's Special Session on Energy Pricing. The young activists continue to hold these action-days in coming weeks.

**Feb. 23, 2001:** A new, LaRouche-commissioned weekly *EIR* feature commences, "*EIR* Energy Crisis Update—Agenda for National Emergency Action," for the purpose of arming the growing political organizing drive with the broadest view of the battle.

**March 7, 2001:** In addition to a Sacramento mass-lobbying day, such lobbying actions are now taking place regularly in many other states, including Texas, Iowa, Illinois, Minnesota, and Pennsylvania.

**April 18, 2001:** The Nevada energy re-regulation law initiated by Sen. Joe Neal (D) is signed into law by Gov. Kenny Guinn (R).

**May 22, 2001** In Harrisburg, Pennsylvania a "Day of Action" takes place, one week after Cheney's Energy Task Force Report is released, in which 75 activists from around the state, associated with LaRouche's 2004 campaign, stage a rally under the capitol rotunda against deregulation. Rep. Harold James (D-Philadelphia) calls for support for LaRouche's emergency financial reorganization proposals—a "New Bretton Woods" effort, and adds: "I respect his idea when he proposes that public utilities should be re-regulated."

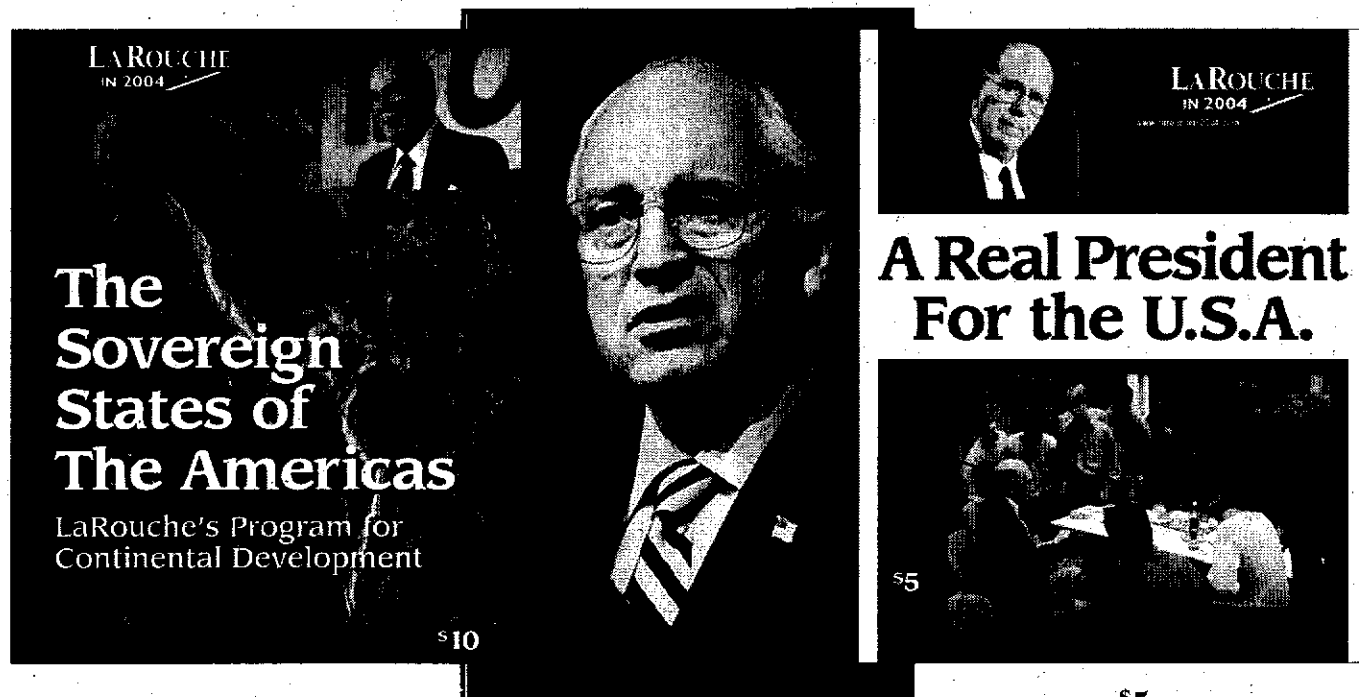
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—Lyndon H. LaRouche, Jr.

Candidate for the Democratic Party Presidential nomination, July 2, 2003

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